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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 001988

SIPDIS

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TAGS: [PGOV](#) [KDEM](#) [RP](#)  
SUBJECT: RULING COALITION SELECTS SECDEF TEODORO AS 2010  
PRESIDENTIAL CANDIDATE

REF: A. MANILA 1967 (SENATOR BLASTS ESTRADA)  
[1](#)B. MANILA 1901 (AQUINO DECLARES)  
[1](#)C. MANILA 1845 (TEODORO ON ELECTION PROSPECTS)

Classified By: DCM Leslie A. Bassett, reason: 1.4 (b and d).

[1](#)1. (C) SUMMARY: The outlines of the Philippine presidential race came more clearly into focus September 16 as President Arroyo's ruling coalition settled on Secretary of National Defense Gilberto Teodoro as its standard bearer for the May 2010 election. After weeks of uncertainty that caused Teodoro angst (ref C), the defense chief prevailed by a substantial margin over his only rival. Absent from the contest was Vice President Noli DeCastro, who maintained Hamlet-like evasiveness despite expectations he would seek -- and could win -- the ruling coalition's nod. In Teodoro, the coalition has an eloquent candidate with a strong record of defense reform and outspoken support for the Philippine-U.S. security alliance. But Teodoro has yet to demonstrate he can command significant public support, and the coalition's preferred vice presidential candidate -- Interior Secretary Ronaldo Puno -- is a powerful political insider with a long history of political maneuvering. The ruling coalition's support is double-edged: President Arroyo controls significant campaign funds and patronage, but is a politically divisive figure. Teodoro will need to walk a fine line in making use of Arroyo's political pull while not being too closely associated with an unpopular leader. Teodoro said he would step down as defense secretary in due time; speculation over his successor is so far inconclusive. End Summary.

ELOQUENT PRESENTATION, DETAILED PLATFORM  
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[1](#)2. (C) The executive board of the ruling Lakas-Kampi-CMD coalition convened September 16 to hear the views of two rival candidates for the party's nomination for the 2010 presidential race: Secretary of National Defense (SND) Gilberto Teodoro, and Chairman of the Metropolitan Manila Development Authority Bayani Fernando. Vice President Noli DeCastro, whom many had seen as a leading contender for the party's nomination, did not compete for the nomination. DeCastro, who has scored well in opinion polls, may have decided that he had better prospects running on another ticket, amid speculation that he might run again for vice president with another leading candidate, Senator Manuel "Manny" Villar.

[1](#)3. (SBU) Addressing the executive committee in a televised session, Teodoro eloquently presented his vision of the Philippines developing apace with other countries in the region. He promised to strengthen his party and to continue worthy programs of the current administration, whose track record, he claimed, was stronger than that of previous

administrations.

14. (SBU) Addressing a wide range of national issues, Teodoro said it was necessary to sustain military operations against Muslim secessionists and leftist insurgents, while investing in development and expanding the defense and police forces, especially in unstable areas. He advocated continuing effective anti-poverty programs and creating more jobs and a stable environment for business. He promised to stand against graft and corruption, in part through providing reasonable regulations and better pay for public servants. He also spoke out for better education and agricultural infrastructure; credit for housing developers; and environmental protection.

#### OVERWHELMING WIN

15. (SBU) The executive committee -- 65 members at full strength -- voted in a closed-door session. The committee did not release publicly the final tally, but all reports indicated Teodoro won an overwhelming victory over Bayani, with one leading daily claiming 42 votes for the Defense Secretary, versus only five for Bayani. The committee also stated its preference for Interior and Local Government Secretary Ronaldo Puno as the party's nominee for Vice President. Puno is serving his second term as Secretary of Interior and Local Government, having held the position from 1998 until 2000 under former President Estrada. He has a private sector background (including a business in West Virginia), and he is an astute political operative, having

MANILA 00001988 002 OF 002

played a key role in the successful presidential campaigns of Fidel Ramos, Joseph Estrada, and Gloria Macapagal-Arroyo.

#### STRONG DEFENSE CREDENTIALS

16. (C) Teodoro is a highly articulate, Harvard-educated lawyer who aced the Philippine bar exam. He served as a congressman from his home province of Tarlac, a seat now held by his wife, Monica Prieto-Teodoro. He is a staunch defender of the U.S.-Philippine Visiting Forces Agreement and the U.S.-Philippine security alliance, and his selection has already drawn criticism from left-wing activists. The strident Bayan group warned that Teodoro would be "bad news for Philippine sovereignty." Teodoro has been one of the more hawkish members of the Arroyo cabinet on counterinsurgency issues, having pressed for an end to fighting by Muslim and Communist insurgents before engaging in significant peace negotiations. Teodoro has also been a prime motivating force behind the Philippine Defense Reform program since he took office, and has pressed his subordinates to craft a viable follow-on plan for the joint U.S.-Philippine reform effort.

#### NEXT STEPS

17. (SBU) In the coming weeks, Lakas-Kampi-CMD will hold a national party convention to formalize Teodoro's and Puno's nominations. The two must then register their candidacies with the Commission on Elections by a November 30 deadline.

18. (C) It is unclear when Teodoro will resign as Secretary of National Defense -- he said publicly he will do so in due time -- but Philippine law requires that he vacate his appointed position upon formally registering his candidacy. Numerous political figures and commentators voiced concern with Teodoro remaining in the cabinet, particularly with authority over the armed forces, as he increases his unofficial campaign activities. Speculation over his successor is inconclusive.

#### COMMENT

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¶9. (C) Teodoro joins a large field of candidates. Senator Manny Villar has significant private wealth that rivals the financial resources that Teodoro is hoping to draw on from Lakas-Kampi-CMD, and ranks near the top of all public polls. But Villar, who rose to prominence in the private sector, faces accusations of unethical dealings. Senator Benigno "Noynoy" Aquino III, who recently announced his candidacy (ref B), contrasts starkly with his cousin Gilberto: Aquino has no management experience in the executive branch, is not noted for his speaking talent, and has a lackluster legislative record. Nevertheless, Aquino is riding a wave of popularity based on his late parents' role in modern Philippine history, and he is trying to create a broad activist/NGO-based national movement. Former President Estrada, meanwhile, is embroiled in yet another scandal (ref A), but he retains the strong support of many Filipino poor and seems likely to remain influential as the race develops.

¶10. (C) While Teodoro can draw on the well-funded Lakas-Kampi-CMD machinery, he has several obstacles to overcome, not least his close linkage to a controversial President. Reacting to the executive board decision, ever-colorful Senator Miriam Defensor Santiago termed this tie a "big anchor" that would weigh on Teodoro's candidacy. And Teodoro is starting at the bottom of the pack of major party contenders. Credible survey organization Social Weather Stations found in June that, when asked in an open-ended manner who would be a good leader to succeed President Arroyo, less than one percent of the sample volunteered Teodoro's name. End comment.  
KENNEY